

INSURANCE DIVISION[191]

Adopted and Filed

Pursuant to the authority of Iowa Code section 505.8, the Insurance Division hereby adopts new Chapter 98, “Annual Financial Reporting Requirements,” Iowa Administrative Code.

This chapter improves the Iowa Insurance Division’s surveillance of the financial condition of insurers by requiring an annual audit of financial statements by certified public accountants, Communication of Internal Control Related Matters Noted in an Audit, and Management’s Report of Internal Control Over Financial Reporting.

Prior to January 1, 2010, insurance companies in Iowa must comply with rule 191—5.25(505); however, when the new chapter becomes effective on January 1, 2010, rule 191—5.25(505) will be rescinded.

Notice of Intended Action was published in the Iowa Administrative Bulletin on September 10, 2008, as **ARC 7124B**. Comments regarding this new chapter were to be received during the comment period and at the public hearing on September 30, 2008. The Division received comments regarding clarification of the rules and other comments detailing typographical errors. Both have been addressed and corrected as follows:

The introductory paragraph and paragraph “a” of subrule 98.2(2) have been changed to correct a cross reference and to add a cross reference in the introductory paragraph and to change the term “insured” to “insurer” in paragraph “a.” The introductory paragraph and paragraph “a” now read as follows:

“**98.2(2)** Foreign or alien insurers filing the audited financial report in another state, pursuant to that state’s requirement for filing of audited financial reports, which has been found by the commissioner to be substantially similar to the requirements herein, are exempt from rules 98.4(505) through 98.12(505) and 98.17(505) if:

“a. A copy of the audited financial report, Communication of Internal Control Related Matters Noted in an Audit, and the letter to the insurer with the accountant’s qualifications that are filed with such other state are filed with the commissioner in accordance with the filing dates specified in rules 98.4(505), 98.11(505), and 98.17(505), respectively (Canadian insurers may submit accountants’ reports as filed with the Office of the Superintendent of Financial Institutions Canada).”

In addition, the word “rule” has been changed to “chapter” in subrule 98.2(4) to be consistent with the language throughout Chapter 98; a reference to Section 202 rather than Section 201 of the Securities Exchange Act was corrected in the definition of “SOX compliant entity” in rule 98.3(505); and the date specified for insurers not retaining an independent certified public accountant was changed from August 28, 1991, to January 1, 2010, in the introductory paragraph of rule 98.6(505).

This chapter does not provide for waivers.

These rules are intended to implement Iowa Code section 505.8.

These rules will become effective on January 1, 2010.

EDITOR’S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these rules [Ch 98] is being omitted. With the exception of the changes noted above, these rules are identical to those published under Notice as **ARC 7124B**, IAB 9/10/08.

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